

Message Text

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12
ACTION EUR-25

INFO OCT-01 NEA-10 ISO-00 CIAE-00 PM-07 INR-10 L-03

NSAE-00 PA-04 RSC-01 PRS-01 SPC-03 USIA-15 TRSE-00

SAJ-01 SS-20 NSC-10 OIC-04 ACDA-19 OMB-01 MC-02 EB-11

DRC-01 /149 W
----- 126757

R 161820Z JAN 74
FM USMISSION NATO
TO SECDEF WASHDC
SECSTATE WASHDC 3586
INFO DA WASHDC
CDRUSAMC ALEXANDRIA
CDRUSAMICOM REDSTON ARS
CDRUSACDCADA FT BLISS
USCINCEUR
CINCUSAREUR HEIDELBERG
CDR 32D AIR DEF CMD KAISERSLAUTERN
CHUSNAHALO PARIS
CHMAAG PARIS
CHMAAG ATHENS
CHMAAG BONN
CHMAAG COPENHAGEN
CHMAAGROME
CHMAAG THE HAGUE
CHMAAG BRUSSELS

C O N F I D E N T I A L SECTION 1 OF 2 USNATO 0220

E.O. 11652: GDS, 31-12-80
TAGS: MARR, NATO
SUBJECT: NATO-HAWK BOARD OF DIRECTORS (BOD) MEETING 11-16
JANUARY 1974

SECDEF FOR OASD(I&L), DCSLOG9MS-SBI AND ACSI. USAMC FOR
AMCGC. USAMICOM FOR AMCPM-HA. USCINCEUR FOR MAD AND J-4.
USAREUR FOR AEDDZMR-MM AND USAMICOM FLD OFC (AMCPM-HAI-EUR-
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MAJ LYNE).
REFS: A. HMO/2.2.01/0141/74, NATO-HAWK BOD AGENDA, 9 JAN 74.
B. US GOVT/NHPLO AGREEMENT ON HELIP, 11 JUL 68, WITH
SUPPLEMENT II, 19 JUN 72.

C. USNATO 6256, 22DEC 73.
D. USNATO 0021, 3 JAN 74.
E. USNATO 0005, 2 JAN 74.
F. STATE 000379, DTG 022301Z JAN 74.

BEGIN SUMMARY. NATO-HAWK BOARD OF DIRECTORS (BOD) MET IN PARIS
11-16 JAN 74. BOD AGREED TO START THE HAWK EUROPEAN LIMITED
IMPROVEMENT PROGRAM (HELIP) AND IMPLEMENTING CONTRACT WAS SIGNED
EFFECTIVE 15 JAN 74. MISSION REQUESTS ACTION ON RELATED ITEMS. END
SUMMARY.

1. NATO-HAWK BOD MET IN PARIS IN CONSECUTIVE DAILY SESSIONS FROM
11 THRU 15 JAN 74. SIGNIFICAN DISCUSSIONS PER AGENDA (REF A) ARE
REPORTED BY US BOARD MEMBER (COL LYNCH).

A. ITEM 1-SIGNING OF PHASE C DECISION. PHASE C OF HELIPADP000
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INFO OCT-01 NEA-10 ISO-00 CIAE-00 PM-07 INR-10 L-03

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SAJ-01 SS-20 NSC-10 OIC-04 ACDA-19 OMB-01 MC-02 EB-11

DRC-01 /149 W
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R 161820Z JAN 74
FM USMISSION NATO
TO SECDEF WASHDC
SECSTATE WASHDC 3587
INFO DA WASHDC
CDRUSAMC ALEXANDRIA
CDRUSAMICOM REDSTON ARS
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USCINCEUR
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C O N F I D E N T I A L SECTION 2 OF 2 USNATO 0220

COMMENT. MISSION STRONGLY RECOMMENDS THAT VISIT TO MICOM

OF LTG KNOOP, RNLAf CHIEF OF STAFF, BE APPROVED ON EXPEDITED BASIS. MISSION NOTES THAT THIS INCIDENT IS ONLY THE LATEST IN A SERIES OF SIMILAR OCCURRENCES AND THEREFORE RECOMMENDS THAT AUTHORITY FOR REFUSAL OF VISITS OF THIS NATURE BE RETAINED AT APPROPRIATE LEVELS WITHIN DOD AND DA. FURTHER, AS GENERAL POLICY VISITS SHOULD BE REFUSED ONLY AFTER THOROUGH COORDINATION WITH ALL APPROPRIATE USG ELEMENTS. MISSION FEELS THAT ALL DOD SUB-CONFIDENTIAL

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ORDINATE ELEMENTS SHOULD BE MADE AWARE OF POSSIBLE ADVERSE IMPLICATIONS OF A CURSORY REFUSAL FOR OFFICIAL VISIT BY ANY HIGH-RANKING ALLIED OFFICIAL. IN THIS PARTICULAR CASE, OTHER IMPORTANT PROGRAMS WITH DECISIONS HANGING ON DELICATE BALANCE, SUCH AS NATO F-104 REPLACEMENT PROGRAM, CONCEIVABLY COULD BE AFFECTED (ADVERSELY TO US INTERESTS) BY UNTIMELY REFUSAL OF THIS APPARENTLY UNRELATED VISIT REQUEST. END COMMENT.

B. THE BOD DIRECTED THE GEN MGR TO REQUEST USG TO RECONSIDER TERMS OF BASIC HELIP AGREEMENT (REF B). SPECIFICALLY, NHPLO IS INTERESTED IN REDUCTION OF COST CONTRIBUTION FEES FOR MISSILES (RANGING FROM \$5323M TO \$6538M MISSILE), SIMULATOR CONVERSION KITS (\$2.444M FOR 23 KITS) AND FEES FOR ADMINISTRATIVE SERVICES, QUALITY ASSURANCE (QA), AND OTHER TRADITIONAL HOST NATION SERVICES. THE GEN MGR PLANS TO MAKE FORMAL REQUEST OF USG THIS MONTH FOR FAVORABLE CONSIDERATION OF FEE REDUCTION PROPOSALS. HE WILL REQUEST A MEETING WITH APPROPRIATE US OFFICIALS EARLY IN 1974 TO DISCUSS HIS PROPOSALS.

USNATO COMMENT. THE SCOPE OF HELIP HAS UNDERGONE A NUMBER OF CHANGES SINCE 1968 AND EVEN MORE IMPORTANT ONES SINCE 1972 TO INCLUDE PARTICIPATION OF FRANCE. AS REPORTED IN REF C ESTIMATED MAGNITUDE OF DOLLAR FLOW TO US IS NOW ROUGHLY \$500M, A LARGE INCREASE OVER AMOUNT CONTEMPLATED EVEN IN 1972. THEREFORE, MISSION RECOMMENDS THAT WASHINGTON CONSIDER REVISION OF 1968/1972 AGREEMENTS AND PLAN TO GRANT MOST FAVORABLE TERMS POSSIBLE TO THE NHPLO WITH REGARD TO MISSILE AND SIMULATOR KIT FEES AND, IF FEASIBLE, REDUCE CHARGES FOR SERVICES. GOOD WILL GAINED IN THIS PROGRAM AND DEMONSTRATION OF US WILLINGNESS TO OFFER ATTRACTIVE CONCESSIONS FOR US SALES COULD HAVE FAR-REACHING FAVORABLE RESULTS. MISSION SUGGESTIONS CONTAINED IN REF D ARE ORIENTED SPECIFICALLY TOWARD FUTURE US AIRCRAFT SALES, BUT WITHIN THE ALLIANCE MANY OF THE SAME PEOPLE (SUCH AS LTG KNOOP OF THE RNLAf, MENTIONED EARLIER) HANDLES BOTH AIRCRAFT AND MISSILE PROCUREMENTS. NATO-HAWK AFFORDS AN EXCELLENT OPPORTUNITY TO DEMONSTRATE TO OUR ALLIES US WILLINGNESS TO SWEETEN THE POT WHEN APPROPRIATE. MISSION REQUESTS WASHINGTON REACT TO THIS RECOMMENDATION BY 15 FEB 74.

C. FRG DIRECTOR (KUHN) REQUESTED FROM US REP STATUS OF POSSIBLE NHPLO PARTICIPATION IN US HAWK PRODUCT IMPROVEMENTS. CONFIDENTIAL

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US REP INFORMED BOD OF COOPERATIVE EFFORTS RECOMMENDED IN REF E,
AND NOTED THAT USG REPOSE IS EXPECTED NLT 31 JAN 74.

D. THE GEN MGR THANKED US REP FOR ADVICE AND COUNSEL
PROVIDED BY AMC GENEAL COUNSEL (BARNES) AT ANDOVER. USNATO
COMMENT. MISSION APPRECIATES PROMPT WASHINGTON RESPONSE TO
MISSION REQUEST FOR LEGAL ASSISTANCE TO GEN MGR AND REGRETS ANY
INCONVENIENCE CAUSED AS A RESULT OF PROCEDURAL SHORTCUTS
MENTIONED IN REF F. END COMMENT.

E. FRENCH DIRECTOR (GEN CAUCHIE) EXPRESSED TO THE BOD
HIS CONCERN ABOUT ELEMENTS OF THE RAY PROPOSAL AND LACK OF TIME
FOR QUESTIONS ON THE RAY PROPOSAL. HE REQUESTED THE US T USE
GOOD OFFICES TO KEEP RAY HONEST.

US REP REPLIED FOR THE RECORD THAT, FIRST, USG IS NOT
A PARTY TO THE CONTRACT, AND SECOND, USG DOES NOT AUDIT USG/
INDUSTRY FFP CONTRACTS. NEVERTHELESS, REQUEST, AS STATED BY
FRANCE, IS FORWARDED TO WASHINGTON FOR APPROPRIATE ACTION. QUOTE
REQUEST THE US REPRESENTATIVE INFORM HIS AUTHORITIES OF OUR CON-
CERN AT THE LACK OF GUARANTEES OBTAINED IN RESPECT OF PRICES AND
THAT HE OBTAIN THEIR ASSISTANCE TO CORRECT ANY POSSIBLE EXAGGER-
ATIONS IN THES PRICES UNQUOTE. USNATO COMMENT. THIS CONTRACT
WAS WELL NEGOTIATED BY THE BOD AND GEN MGR. RAY MADE SUBSTANTIAL
CONCESSIONS TO A TOTAL OF MORE THAN 13 MILLION DOLLARS IN ADDITION
TO REFINING AND CORRECTING EARLIER QUOTATION. FRENCH CONCERN WS
NOT REPEAT NOT SHARED BY OTHER DIRECTORS AT LEAST IN OPEN DIS-
CUSSION OR CORRIDOR DISCUSSION WITH US REP. END COMMENT.
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TAGS: MARR, NATO
To: SECDEF
STATE INFO DA
CDRUSAMC ALEXANDRIA
CDRUSAMICOM REDSTON ARS
CDRUSACDCADA FT BLISS
USCINCEUR

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CHMAAG BRUSSELS

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